



DEPARTMENT OF STATE
BRIEFING MEMORANDUM

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October 22, 1981
BUREAU OF EAST ASIAN
AND PACIFIC AFFAIRS

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TO: The Secretary

FROM: EA - John H. Holdridge

SUBJECT: Visit of Chinese Vice Premier/Foreign Minister
Huang Hua, October 29-30 - Scope Paper.

SUMMARY

Huang Hua's visit will be a critical follow-up to discussions with Premier Zhao Ziyang in Cancun, possibly affording the last, direct, high-level contact with the Chinese leadership before we make a final decision on replacement aircraft for Taiwan. The visit reciprocates your June trip. It will provide the first opportunity to expose Huang to a range of top USG leaders from this administration. In addition to meeting with you, Huang will have a meeting with the President, lunch with the Vice President, and separate meetings with Secretary Weinberger [redacted]

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Department meetings will permit a fuller exchange of views on bilateral issues raised at Cancun and a venue for policy discussion on a broad range of international questions: European and Soviet affairs, post-Sadat Middle East, Afghanistan, Southeast Asia, Korea, and Southern Africa.

I. OBJECTIVES

1. Follow up on Reagan-Zhao Ziyang meeting in Cancun.
2. Discuss European issues: TNF, Poland, Arms Control, etc.
3. Discuss and, where appropriate, seek to coordinate policy on international issues: Afghanistan, Namibia, Middle East, Southeast Asia, and Korea.
4. Reaffirm US willingness to begin an arms transfer relationship with China and receive LIU Huaqing.

State Dept. review completed

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II. PARTICIPANTS

U.S.

The Secretary
Deputy Secretary Clark
Asst. Secretary Holdridge
Ambassador Hummel
Deputy Asst. Secretary Shoesmith
EA/C Director Rope
Vivian Chang - Interpreter

CHINA

Vice Premier Huang Hua
Foreign Minister
Pu Shouchang
Vice-Foreign Minister
Ambassador Chai Zemin
Director Han Xu
Americas Dept., MFA
Deputy Director Zhang Zai
Americas Dept., MFA
Deputy Div. Chief Lian Zhengbao
Americas Dept., MFA
Yang Jiechi - Interpreter
Third Secretary Zhang Zhenxiong
Protocol, MFA
Gu Huaming
Secretary to Foreign Minister

III. SETTING

Huang Hua has been Foreign Minister since 1976. He was elevated to Vice Premier in September of 1980. He is an experienced diplomat and an acknowledged expert on US affairs. He was intimately involved in the normalization negotiations. His son is presently attending Harvard University.

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IV. Discussion of Objectives

1. Follow up on Reagan-Zhao meeting in Cancun.

This will be added after 10/26.

SECRETIV. Discussion of Objectives

2. Discuss important European issues, such as U.S.-Soviet relations, Poland, TNF, and arms control. Expand on the readout provided to Ambassador Chai earlier and in your letter to Huang of your meetings with Gromyko. It is important for Huang to understand that while our Soviet policy has fundamentally and durably changed, we feel improved relations are possible if the Soviets will restrain their international behavior and accept the principle of reciprocity in bilateral relations. Our approach to the Soviets in a variety of fields, including key European questions such as TNF, arms control and Poland, will be a tough one. To be successful, we will need the support of our friends and allies; the display of continued solidarity within the Atlantic Alliance will be particularly important. FYI. German Foreign Minister Genscher visited China October 5-7 and saw a number of China's top leaders, including Huang Hua.

TALKING POINTS

-- AS I INDICATED IN MY LETTER TO YOU, THE MAIN PURPOSE OF MY MEETINGS WITH SOVIET FOREIGN MINISTER GROMYKO AT THE UNGA WAS TO DRIVE HOME TO THE SOVIETS THAT OUR EAST-WEST POLICY HAS FUNDAMENTALLY AND DURABLY CHANGED, THAT SOVIET MILITARY BUILDUP AND LACK OF INTERNATIONAL RESTRAINT WILL HENCEFORTH BE MET WITH DETERMINED AND APPROPRIATE U.S. MILITARY AND POLITICAL RESPONSE.

-- AT THE SAME TIME, WE WANT TO CONVINCE THE SOVIETS THAT WE ARE SINCERELY INTERESTED IN IMPROVED RELATIONS, INCLUDING RENEWED ARMS CONTROL NEGOTIATIONS, BUT THAT PROGRESS HINGES ON GREATER SOVIET RESTRAINT AND RESPECT FOR THE SECURITY INTERESTS OF OTHER STATES.

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-- GROMYKO'S REACTION WAS SOBER AND NON-POLEMICAL. HE GAVE NO GROUND, AND HE LEFT ME WITH NO ILLUSIONS ON PROGRESS IN THE FUTURE.

-- WE DID REACH AGREEMENT ON OPENING TALKS ON THEATER NUCLEAR FORCES (TNF) ON NOVEMBER 30, AND WE AGREED TO MEET AGAIN EARLY IN 1982. WE WILL CONTINUE OUR TOUGH APPROACH IN THESE FUTURE CONTACTS.

-- WE SEEK GLOBAL LIMITS ON TNF, RECOGNIZING THAT THE SOVIETS ENJOY GEOGRAPHICAL ADVANTAGES IN DEPLOYING THEIR THEATER FORCES.

-- WE NEED TO BACK UP OUR APPROACH TO THE SOVIETS WITH CONVINCING DISPLAYS OF SOLIDARITY WITHIN THE ATLANTIC ALLIANCE. IN THAT CONNECTION, WE CONSIDER PARTICULARLY IMPORTANT FOLLOWING THROUGH ON THE DEPLOYMENT TRACK OF NATO'S 1979 LONG-RANGE THEATER NUCLEAR FORCE DECISION.

-- AS YOU KNOW, PRESIDENT REAGAN HAS ANNOUNCED A COMPREHENSIVE PROGRAM TO IMPROVE OUR STRATEGIC NUCLEAR FORCES. THIS WILL MAINTAIN AND ENHANCE THE EFFECTIVENESS OF OUR DETERRENT IN THIS DECADE AND THE NEXT.

-- OUR IMPROVED MILITARY POSTURE WILL ENABLE US TO APPROACH STRATEGIC ARMS CONTROL NEGOTIATIONS FROM A POSITION OF STRENGTH. WE ARE UNDER NO ILLUSIONS THAT

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THE BALANCED, MILITARILY EFFECTIVE, AND VERIFIABLE LIMITS WE SEEK WILL BE EASILY OBTAINED. ON THE CONTRARY, WE ARE PREPARED FOR HARD NEGOTIATING.

-- THE POLISH EXPERIMENT SERIOUSLY WEAKENS MOSCOW MILITARILY, AND IT COULD STRONGLY AFFECT OTHER STATES IN EASTERN EUROPE AND EVEN THE SOVIET UNION ITSELF.

-- WE SUPPORT CONTINUATION OF PLURALISTIC DEVELOPMENT IN POLAND, AND TOGETHER WITH OTHER WESTERN COUNTRIES WE WOULD REACT NEGATIVELY AGAINST ANY ATTEMPT TO REPRESS THE POLISH PEOPLE FORCIBLY.

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SECRETIV. DISCUSSION OF OBJECTIVES:

3. Discuss and, where appropriate, seek to coordinate policy on international issues: Afghanistan, Namibia, Middle East, Southeast Asia, and Korea. On issues like Namibia, China, with its Third World ties can be a strong and helpful voice for moderation. China remains a staunch opponent of Soviet and Soviet-backed aggression in Southwest and Southeast Asia. In the Middle East, China, while disagreeing over the degree of US support for Israel, is pushing strongly for an overall peaceful settlement. During PLO leader Yasir Arafat's visit to Beijing, China pressed for PLO recognition of Israel's right to exist by urging acceptance of the Saudi eight points. During Egyptian President Mubarak's recent visit, the Chinese urged Egypt to rekindle its ties to Saudi Arabia and assume a more active leadership role among the moderate Arab camp. We, however, oppose China's sale of small arms to Libya. We want to encourage China in efforts of moderation and coordinate China's approach with our own policies.

TALKING POINTS:

-- I RAISED AFGHANISTAN IN MY MEETINGS WITH GROMYKO.
DESPITE INDICATIONS OF INCREASING SOVIET FRUSTRATION OVER
INABILITY TO MAKE MILITARY HEADWAY, THEY SHOW NO SIGN OF
FLEXIBILITY.

-- WE INTEND TO KEEP UP PRESSURE INTERNATIONALLY ON THE
SOVIETS TO WITHDRAW THEIR FORCES FROM AFGHANISTAN.

-- WE ARE WORKING TOWARD A PEACEFUL SETTLEMENT IN
NAMIBIA THAT WOULD INVOLVE A CUBAN TROOP WITHDRAWAL FROM
ANGOLA, SIMULTANEOUS WITH THE IMPLEMENTATION OF THE UN PLAN
(SECURITY COUNCIL RESOLUTION 435) FOR NAMIBIA.

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-- WE NEED CHINA'S HELP IN RALLYING THE SUPPORT OF MODERATE AFRICANS FOR THIS APPROACH ON SOUTHERN AFRICA.

-- IN THE MID EAST, MUBARAK HAS MOVED SWIFTLY AND EFFECTIVELY TO TAKE CHARGE OF THE EGYPTIAN GOVERNMENT. WE EXPECT NO MAJOR CHANGE IN EGYPTIAN FOREIGN POLICY, ESPECIALLY IN HELPING SUDAN WARD OFF LIBYAN THREATS.

-- WE EXPECT THE CAMP DAVID PEACE PROCESS TO CONTINUE. WE ARE GRATIFIED BY THE MANNER IN WHICH EGYPTIANS AND ISRAELIS HAVE RESUMED THE AUTONOMY NEGOTIATIONS.

-- WE ARE CONCERNED THAT THE ARAB SUMMIT IN NOVEMBER NOT BE ENCOURAGED TO RALLY BEHIND ANY PARTICULAR COMPETING APPROACH, INCLUDING THE SAUDI EIGHT POINTS.

-- WE FOLLOWED YOUR ARAFAT MEETINGS CLOSELY AND APPRECIATE YOUR EFFORTS TO ENCOURAGE MODERATION ON THE PART OF THE PLO.

-- WE HOPE THAT YOU WILL STOP SELLING ARMS TO LIBYA IN CONSIDERATION OF LIBYA'S CONTINUED INVOLVEMENT IN INTERNATIONAL TERRORISM, AND CLOSE ASSOCIATION WITH SOVIET MOVEMENTS IN THE AREA.

-- IN SOUTHEAST ASIA, WE BELIEVE THAT A STRONG NON-COMMUNIST COMPONENT IN THE KHMER RESISTANCE IS ESSENTIAL TO

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IV. DISCUSSION OF OBJECTIVES

4. Reaffirm US willingness to begin an arms transfer relationship with China and receive LIU Huaqing. Tell Huang we are ready for the Liu Huaqing visit when the Chinese are, and will be able to address concrete Chinese requests for sales of weapons and technology on the Munitions Control list. We are also prepared to discuss other forms of bilateral security exchanges and technical assistance. Reiterate that we do not seek to press arms on Beijing, but are willing to contribute to improving China's defense capabilities and defense industries modernization, within the framework of the regulations and practices applicable to all other friendly non-aligned nations, whenever the Chinese want to discuss it.

TALKING POINTS:

-- LIU HUAQING IS WELCOME WHENEVER HE CHOOSES TO COME. THE VISIT WOULD BE A GOOD OPPORTUNITY TO DISCUSS CONCRETE MEANS OF EXTENDING OUR BILATERAL TIES FURTHER BY INCLUDING THE MILITARY AREA.

-- WE PUT IN MUCH WORK THIS SUMMER ON THIS ISSUE AND WE ARE READY TO DISCUSS WITH LIU CHINESE INTERESTS IN ARMS AND TECHNOLOGY SALES.

-- ROUTINE MILITARY AND TECHNICAL EXCHANGES CAN BE EXPANDED IN ANY CASE, AND WE SUPPORT AND ENCOURAGE SUCH INTERACTION. WE HAVE ENCOURAGED GENERAL JONES, OUR CHAIRMAN OF THE JOINT CHIEFS, TO GO TO CHINA IN DECEMBER. BUT, OTHER EXCHANGES SHOULD ALSO CONTINUE -- IN THE FIELDS OF MILITARY EDUCATION AND TECHNICAL DISCUSSIONS, FOR EXAMPLE.

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MAINTAIN INTERNATIONAL SUPPORT FOR ASEAN STRATEGY AND TO ACHIEVE AN ACCEPTABLE SETTLEMENT IN KAMPUCHEA.

-- WE URGE YOU TO PRESSURE THE KHMER ROUGE LEADERS TO BE MORE COOPERATIVE IN NEGOTIATIONS ON A COALITION GOVERNMENT.

-- FAILURE OF THE TALKS AMONG THE MAJOR FACTIONS TO PROGRESS WOULD LEAVE THE SITUATION IN KAMPUCHEA WORSE THAN IF EFFORTS TO UNITE THEM HAD NEVER COMMENCED. CHINA WILL BE BLAMED BY ASEAN FOR WANTING TO RESTORE POL POT TO POWER.

-- IN KOREA WE NOTED VICE FOREIGN MINISTER PU'S COMMENT TO DAS ALBRECHT THAT YOU WOULD BE PREPARED TO TAKE A POSITIVE STEP TOWARD THE SOUTH IF WE MADE A GESTURE TOWARD THE NORTH. WE WOULD BE INTERESTED TO KNOW MORE SPECIFICALLY WHAT YOU HAVE IN MIND.

-- WE CONTINUE TO BELIEVE THAT THE KEY TO PEACEFUL RESOLUTION OF THE KOREAN QUESTION LIES IN DIRECT DIALOGUE BETWEEN THE NORTH AND SOUTH. OUR FIRM POLICY IS NOT TO ENGAGE IN DIALOGUE WITH THE NORTH UNLESS THE ROK IS A FULL PARTICIPANT.

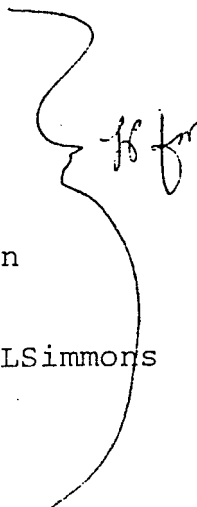
-- MUTUAL DISTRUST AND SUSPICION REMAIN STRONG ON BOTH SIDES. RECIPROCITY IS ESSENTIAL TO ESTABLISH CONFIDENCE AND AVOID FEAR THAT EITHER SIDE WILL GAIN UNILATERAL ADVANTAGE. THE WILLINGNESS OF THE MAJOR POWERS TO DEAL WITH CURRENT REALITIES IN KOREA CAN BE HELPFUL IN REDUCING THE TENSIONS.

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Scope Paper for the Secretary

²⁰¹⁴
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- Attachments: Background Papers
1. China: Internal Political Situation
 2. PRC-Taiwan: Reunification Issues
 3. The Sino-Soviet Relationship
 4. China and the Koreas
 5. China and Afghanistan/Pakistan
 6. China and Kampuchea/Vietnam
 7. Japan-China Relations
 8. Sino-Indian Relations
 9. China and the Middle East
 10. US-Chinese Cooperation in Science and Technology

DEPARTMENT OF STATE
BRIEFING PAPER
PRC - TAIWAN: REUNIFICATION ISSUES

Beginning in 1978 the Chinese position on unification with Taiwan moderated substantially, shifting from a call for the "liberation" of Taiwan to stressing "peaceful reunification." On January 1, 1979, at the time of US-China normalization, Beijing issued a reunification appeal, coupled with a general easing of military tensions. Beijing developed a position seeking Taiwan's acceptance of the PRC flag and name, and its recognition of Beijing as China's central government. Beijing offered to allow continued Kuomintang(KMT) rule over Taiwan, including preservation of a capitalist economy, undisturbed trade and foreign investment, continued unofficial representation abroad, and maintenance of armed forces at current levels. In the interim, Beijing offered direct tariff-free trade, travel, family reunification, air, sea and postal/telecommunications links.

On September 30, 1981 China issued a highly publicized "Nine Point Proposal" for reunification which proposes talks on a "reciprocal" basis and offers Taiwan's leadership participation in the national government. No mention was made of the requirement that Taiwan adopt the PRC flag and name.

Beijing's proposals are aimed at several audiences, seeking to make clear that Beijing is willing to acquiesce in the continued separation of Taiwan in virtually every sense in return for Taipei's agreement to respect the principle of Chinese unity under some limited PRC aegis. Although Beijing's offer has put Taipei in an awkward position with respect to foreign opinion, the KMT leadership has flatly rejected it and reiterated its public position that reunification can only take place after the mainland abandons communism.

Taiwan's reasons for avoiding reunification, or even negotiations, are complex. The leadership fears engaging in talks would seriously undercut its legitimacy, and ultimately its power, as well as foreign perceptions of Taiwan's need for defensive weapons. Moreover, given Beijing's pattern of periodic instability, and record in dealing with "autonomous" areas, it is difficult for Taiwan to take the current Beijing initiative at face value.

The U.S. position throughout has been that we maintain an interest in the peaceful resolution of the Taiwan question, but that there is no role for us to play. This is an issue for the Chinese people to decide among themselves.

October 22, 1981

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 (GDS - 10/22/87)

Background Paper - PRC-Taiwan Reunification Issues

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DEPARTMENT OF STATE
BRIEFING PAPERChina and Afghanistan/Pakistan

China and Pakistan have a close relationship based almost entirely on a concern about India and the Soviet Union. The relationship has deepened since the 1978 Afghan Revolution and the Soviet invasion of Afghanistan. The common threat supersedes all differences between the two countries. Although Chinese material aid is limited, Pakistan considers the PRC to be its most reliable ally. Pakistan contrasts Chinese steadfastness with what it sees as US "unreliability."

The PRC supplied military equipment, including tanks and jet fighters, to Pakistan without charge until 1979. At that time the Chinese informed Pakistan that because of internal constraints they would have to charge for their weapons. Sales are, however, made on a highly concessionary basis. Pakistan's Chinese equipment is now largely outdated and cannot compare with the modern Soviet arms acquired by India. China has emphasized to Pakistan the necessity of building up Pakistan's defense industry. The PRC helped Pakistan to develop several heavy manufacturing and maintenance facilities.

Since the Soviet invasion of Afghanistan the Chinese have increased their military aid. They will deliver several squadrons of Mig-19 fighters this year. They have also exhorted Western countries, particularly the US, to increase aid to Pakistan. They have emphasized that we should not let other factors, such as Pakistan's nuclear program, stand in the way of strong resistance to the Soviets. Premier Zhao Ziyang visited Pakistan in June 1981 and reportedly made a commitment to come to Pakistan's aid in the event of a major attack on Pakistan. The exact circumstances under which China would do so were, however, probably left undefined. The Chinese have been encouraging Pakistan to mend relations with India, and Pakistan has supported China's own efforts in that direction.

Chinese opposition to Afghanistan's Karmal regime and its Soviet-backed predecessors has been implacable. The Chinese have consistently held that only strong pressure will force the Soviets to leave Afghanistan. They have stated that they do not oppose a "political" solution in principle, but they have come out against both the recent EEC initiative and the mission of the Secretary General's personal representative. They believe that no negotiations of any type should be held before complete Soviet withdrawal, and have emphasized this with both Western nations and Pakistan.

October 22, 1981

China and Afghanistan/Pakistan

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DEPARTMENT OF STATE
BRIEFING PAPER
China and Kampuchea/Vietnam

The poor relations between China and Vietnam are a product of the Sino-Soviet conflict, competition for regional influence, and a history of enmity between the two peoples. Following Vietnam's invasion of Kampuchea in December 1978, the existing poor relations degenerated into intense hostility and finally, in February 1979, China's "first lesson" military incursion into Vietnam. The first, lesson while costly to the Vietnamese, exposed serious deficiencies in China's military structure.

Although withdrawing one month later, Beijing has maintained 250,000 troops near the Vietnamese border, where they keep some 285,000 of Hanoi's best soldiers tied down. Accusations traded between Beijing and Hanoi describe a series of border clashes in May, August and September more serious than any since the "first lesson." However, no evidence from any reliable source suggests that a "second lesson" is in the offing. Propaganda from both sides indicates that the clashes were related to diplomatic maneuvering in preparation for the international conference on Kampuchea and the UNGA. Each side is using the border conflict to prove that the other is the main danger to peace in Southeast Asia.

China and Vietnam held two rounds of bilateral talks in 1979, but China has declined Vietnamese invitations to resume the talks. China's replies to Vietnam increasingly explicitly state that talks could be resumed and relations normalized if Vietnam withdrew its troops from Kampuchea and ended threats to Thailand and along the Sino-Vietnamese border. Vietnam, reversing the sequence, contends that its withdrawal from Kampuchea must follow termination of an alleged "China threat," which Hanoi has said could take the form of a bilateral "non-aggression pact." Hanoi argues that the "China threat" to Vietnam would not end if Vietnam pulled out of Kampuchea without such an agreement.

China's long term objective is a regime in Hanoi which is at least neutral in the Sino-Soviet conflict. But a Kampuchea settlement, if accompanied by a reduction of the Soviet presence, might make possible restoration of the pre-1978 modus vivendi, including a pull-back of forces from the border and a resumption of cross-border trade. Conversely, China would most likely follow through on its "second lesson" threat if the Vietnamese launch a major attack into Thailand. Such an attack is not likely. PRC military countermeasures also could be triggered by a major SRV assault against Khmer resistance forces (which the PRC supports) straddling the Thai-Kampuchea border. Vietnamese forces along the Chinese border are now well-entrenched and well-equipped (by the Soviets), and an effective second lesson would require a massive Chinese buildup. In the past year, Beijing has increased its aid to Vietnamese resistance forces on a cheap alternative form of pressure against Hanoi.

October 22, 1981

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Background Paper for Visit of PRC Vice Premier and Foreign Minister
Huang Hua, October 29-30, 1981

China and Kampuchea/Vietnam

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DEPARTMENT OF STATE
BRIEFING PAPER

JAPAN-CHINA RELATIONS

Japan's leaders are committed to close relations with China, which they consider vital to regional and global stability. The Japanese public, the GOJ and the Foreign Ministry--in particular Foreign Minister Sonoda who negotiated the 1978 Japan--China Peace and Friendship Treaty--consider good relations with China to be one of Japan's major post-war diplomatic achievements.

Although Japan effectively abandoned its earlier "equidistant diplomacy" when it signed the Peace and Friendship Treaty in 1978, the Japanese still worry about being caught in tensions between China and the Soviet Union. As a result, Tokyo does not welcome public Chinese support for greater Japanese defense spending or Chinese support for Japanese positions on the Northern Territories and Soviet southern Kuriles troop buildup issues. Japan fears that such expressions of support will heighten Soviet paranoia over a China-Japan-U.S. "alliance."

Japan hopes the U.S. will further develop friendly relations with China. Prior to the Secretary's June Beijing trip there was some Japanese ambivalence about the prospects for an expanded U.S.-China security relationship. Once our new military equipment sales policy vis-a-vis China was announced, however, the Japanese Foreign Ministry privately expressed support. The Gaimusho noted with approval that we would not be seeing "heavy" military equipment to China and took our new policy to indicate forward momentum in U.S.-China relations. The main Japanese worry is that US arms sales to Taiwan, specifically advanced aircrafts, will lead to a rift between Beijing and Washington.

Bilateral trade and economic issues are an important key to Japan-China relations. Last year, bilateral trade reached nearly \$10 billion. China's initial cancellation earlier this year of about \$1.5 billion in Japanese industrial contracts caused considerable bilateral problems for a time. The disputed projects included several petrochemical plants and the huge Baoshan steel works. China finally agreed to accept and pay for the equipment for the projects from Japanese suppliers. At the same time, and after extensive negotiations, Japan agreed to make a major loan package to continue the projects. This difficult issue was handled without any apparent adverse political fallout.

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SECRET/NOFORN/NOCONTRACT/ORCON

DEPARTMENT OF STATE
BRIEFING PAPERSino-Indian Relations

Sino-Indian rapprochement has proceeded fitfully since the two sides resumed full diplomatic relations in 1976. Outstanding differences have revolved around close Indian-Soviet ties and the unresolved Sino-Indian border dispute. The Soviet invasion of Pakistan, which India and China fear could undermine their collective security interests in South Asia, provides an incentive for Beijing and New Delhi to mend diplomatic fences.

Indians believe that better relations with China enhance New Delhi's effort to insulate the South Asian subcontinent from superpower rivalry, while maintaining India's position as the predominant power in the region. New Delhi is particularly concerned that US support for Islamabad will improve Pakistan's ability to compete with India for regional influence and enhance the prospects of superpower confrontation in South Asia. The Chinese for their part want to re-examine opportunities of the Soviet Union to encircle China.

Chinese Minister Huang Hua's visit to India this past June re-affirmed an agreement to begin negotiations aimed at reducing major differences. The Chinese for the first time accepted the Indian contention that bilateral relations cannot advance without some movement on the border question. (Beijing had previously argued that the general situation should be strengthened before taking up the border dispute.) The two sides will meet this fall at a high level to discuss the border question.

China seems in a greater hurry than India to resolve the border issue. China has apparently decided to send to Beijing a low-level mission to begin preparing an agenda for a subsequent meeting with Indian diplomats. The Chinese had expected a higher level representative from the Indian side. The Indian Prime Minister reportedly will announce if the Chinese are prepared to compromise before substantive issues begin. New Delhi rejects China's proposal that each side accept the line of control as the international boundary.

China's position on the border issue underscores her decision to pursue an independent foreign policy on the US-Pakistan security relationship. China's arms to Pakistan will embolden Pakistan to adopt a more aggressive posture towards India.

Recognition of Indian sensitivities regarding Pakistan, particularly Islamabad's desire to seek improved relations with New Delhi, has informed India of Beijing's efforts to urge the two sides to resolve their differences with India by peaceful means.

China's position on the critical border issue with China is likely to be a major factor in Pakistan's foreign policy. Pakistan is viewed as a significant security concern for India, and that the border talks could be a significant step towards resolving these differences. Indians are anxious to see the border issue resolved.

Sino-Indian Relations

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DEPARTMENT OF STATE

BRIEFING PAPER

CHINA AND THE KOREAS

As China has expanded trade with the Republic of Korea (ROK), it has stepped up its public support of the Democratic People's Republic of Korea (DPRK). Beijing may hope to assuage Pyongyang's concerns about PRC intentions toward the US and Seoul.

South Korea. Chinese initiatives toward Seoul have been primarily economic. Trade between the two countries has increased dramatically, from \$400,000 in 1978 to nearly \$400 million last year. Both countries conduct this trade unofficially, with Beijing denying reports of "official trade" carried in the western media and replayed critically by Moscow. Ten percent of the trade over the past year, however, was direct. The trade balance was nearly even in 1980, with the ROK's main exports electronics, fertilizer, and textile goods. Coal was the primary PRC export.

Beijing's economic pragmatism does not appear to pre-
sage any diplomatic overtures to Seoul in the near term. Although the PRC now permits Chinese officials to meet with ROK diplomats at official receptions overseas, it continues to prohibit official travel to South Korea. Beijing's political initiatives remain hostage to North Korea's opposition and to fears that the Soviet Union would exploit any strains in PRC/DPRK ties.

North Korea. Although China's overriding interest remains stability on the Korean peninsula, Beijing has historically supported North Korean demands for the withdrawal of US forces from Korea and Pyongyang's reunification policies. The PRC has appeared increasingly anxious to demonstrate greater support for Pyongyang on these issues, with Chinese media criticizing the US for impeding the reunification of the two Koreas. Beijing has also urged the US to move toward contact with North Korea and promised to reciprocate with a Chinese gesture toward South Korea. The proposal may reflect DPRK pressure on the PRC for assistance in arranging talks with the US and serve to compensate for Pyongyang's opposition to the ROK/PRC trade.

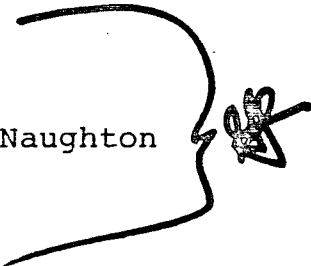
Pyongyang remains concerned that China's ties with the US and Japan will lead to relations with the ROK, regardless of North Korea's objections. It also fears that the reformist direction of China's current leadership could undercut the rigid authoritarian system, personality cult, and succession plans of Kim Il-song.

October 21, 1981

China and the Koreas

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October 21, 1981

DEPARTMENT OF STATE

BRIEFING PAPER

THE SINO-SOVIET RELATIONSHIP

Sino-Soviet relations have been frozen for almost a decade and are likely to remain so. The USSR fears the potential threat China poses to the Soviet Far East while China considers itself threatened by Soviet expansionist aims in Asia. Neither wishes to see hostility flare into open warfare, however. Despite mutual polemics and frictions, the two states seem prepared to accept a relationship of hostile coexistence for the indefinite future.

The Soviet Union recently invited the Chinese to resume border talks. However, Beijing is unlikely to respond to Moscow's proposal in a manner that will lead to meaningful negotiation. Chinese views on possible border talks, set forth in a People's Daily article last June, were couched in terms that Moscow found unacceptable. Since then, mutual antagonism, as reflected in propaganda and diplomatic exchange, has intensified. China also has publicly protested the recent treaty between the USSR and Afghanistan delineating their boundary in the Pamirs, which falls in a disputed area that China claims.

Moscow is clearly disturbed by the new security component of Sino-US relations. It fuels the Soviets' longstanding fear that an anti-Soviet alliance, including Japan, is in the making. The prospect of greater US-China military cooperation is an important calculation in Soviet foreign policy decision-making. On China's part, Soviet support of Vietnam's invasion of Kampuchea has intensified Beijing's fears.

Meanwhile, China and the USSR retain sizeable military forces on their respective sides of the frontier. China has more than 1.5 million men in the regions closest to the USSR. The USSR has a quarter of its army arrayed against China and enjoys a significant qualitative superiority.

As long as the USSR remains a clear military threat and pursues expansionist policies which threaten China's interests, the leadership will remain anti-Soviet. Moscow maintains it is prepared for better relations with China, but has yet to make the changes necessary to encourage Beijing to reconsider its course. The Soviets would perceive a worsening of US-China relations as a fortuitous opportunity to seek an improvement in relations with China, no matter how superficial.

October 21, 1981

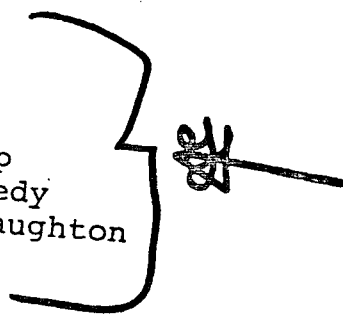
SECRET

RDS-1,2 (10/21/01)

The Sino-Soviet Relationship

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October 21, 1981

DEPARTMENT OF STATE
BRIEFING PAPER

CHINA: INTERNAL POLITICAL SITUATION

Vice Chairman Deng Xiaoping has moved steadily to put loyal colleagues in key positions in the party, the army, and the government. His coalition holds the political initiative. Nevertheless, intense political maneuvering lies ahead as Deng tries to make the approaching 12th Party Congress a vehicle both to consolidate his hold on power and to ensure the longevity of his reform policies.

Deng's coalition is pushing a program designed to downgrade Marxist-Maoist ideology in favor of a market form of socialism. It wants to overhaul an entrenched bureaucracy that is over-aged, undereducated, and ill-equipped to deal with modernization.

Deng's opposition includes important segments of the military and civilian bureaucracies who see -- correctly -- that his reforms would erode their authority and status. They have also attacked Deng on ideological grounds, charging his program is leading China away from socialism and toward capitalism. These bureaucrats currently rely upon powerful, but elderly, Politburo members to protect their power and interest.

Deng has his opposition on the defensive -- one quarter of the Politburo is over 80 and some form of honorable retirement system seems in order. Furthermore, the policies pursued by his bureaucratic opponents demonstrably failed to produce rapid modernization. Yet to the extent that Deng identifies himself with modernization, he makes his coalition vulnerable to a future charge that it too failed to deliver on its economic promises.

The army represents a particular concern for Deng. Many in the military are disgruntled over cutbacks in defense expenditures, large scale demobilization, and Deng's efforts to reduce the army's political role. Deng and his supporters recently made some conciliatory gestures to the military, as they search for the necessary level of support to push through their reforms and leadership changes. A major foreign or domestic policy setback could stall Deng's momentum.

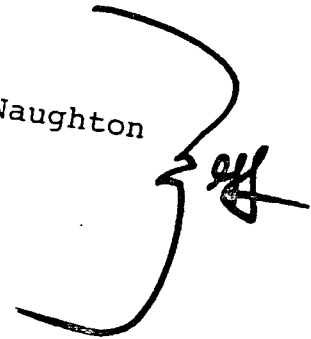
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October 21, 1981

China and the Middle East

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October 21, 1981

DEPARTMENT OF STATE
BRIEFING PAPER

CHINA AND THE MIDDLE EAST

China's goal in the Middle East is to limit Soviet involvement. Beijing believes the Middle East must make progress on the Palestinian problem if Soviet influence is to be restricted. The Chinese view Israeli policies as the main obstacle to this objective.

China supports Washington efforts to strengthen US ties with Arab states, but feels that US policy is bedeviled by the close relationship with Israel. Chinese media commentary has been moderately optimistic that the US is moving closer to direct contacts with the PLO, a step the Chinese consider necessary. China seeks to use its influence with the PLO to encourage a negotiated settlement.

To this end, Chinese media hailed the recent Saudi peace proposal's stress on safeguarding Palestinian interests and its "realistic" recognition of the existence of Israel. During Yasir Arafat's October visit to Beijing the Chinese reiterated public support for the Palestinian cause. They encouraged Arafat to follow the Saudi example in accepting the fact of Israel's existence.


The Chinese supported Sadat's strong anti-Soviet stance but were anxious about his lack of popularity in the Arab world. They are cautiously hopeful that Mubarak will continue Sadat's policies, and perhaps be able to bridge the rift between Egypt and the other Arab states. The Chinese have urged the Egyptians to cooperate with Saudi Arabia to improve the cohesiveness of moderate Arab forces.

Although the PRC supplies arms to the Middle East to help counter Soviet activities there, recent Chinese arms sales seem almost entirely motivated by a desired to raise foreign exchange. China maintains public neutrality on the Iran-Iraq conflict, but it has supplied military material to Iraq through third parties. There is no firm evidence that any deals have been completed with Iran. The Chinese have provided military assistance to Egypt. China also has a limited arms relationship with the PLO.

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China: Internal Political Situation

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October 21, 1981

DEPARTMENT OF STATE
BRIEFING PAPER

CHINA-LATIN AMERICA

China has diplomatic relations with fourteen Latin American nations, including every South American nation except Bolivia, Uruguay, and Paraguay. In Central America, however, there is not a single PRC Embassy. In the Caribbean, the PRC has relations with only Jamaica, Cuba, Trinidad and Tobago, and Barbados.

China's diplomatic relations with Latin American nations have in general been good, correct and low-key. Beijing has not taken a high profile in promoting anti-Soviet policies in the host countries. Trade relationships have not been significant thus far, and there have been few exchange programs. Perhaps because of the reasonably brief period of diplomatic relations in most cases, China appears much less comfortable in its rapport with Latin America than with Africa as partners in third world struggles. Chinese media give little coverage to events in Latin America, in sharp contrast to that accorded Africa. China provides little economic aid and, to the best of our knowledge, has no military training, aid, or supply relationship with any Latin American nation or insurgent group.

Chinese foreign policy aims in Latin America generally parallel their "third world" aims, but also largely accord with US interests. Chinese foreign policy stands buttress US interests by encouraging resistance to the Soviets and the Cubans.

Despite some recent high-level exchanges such as the visits by the Venezuelan and Colombian Foreign Ministers to China in early 1981 and the trip of Huang Hua to Colombia and Venezuela this August, Chinese Foreign Ministry officials readily admit to knowing too little about Latin American affairs. For the foreseeable future, Chinese "trip diplomacy" will attempt to find agreement on broad principles while gradually expanding trade, and other exchange ties.

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DEPARTMENT OF STATE
BRIEFING PAPER

PERFORMANCE AND PLANS FOR THE OIL INDUSTRY

China's declining oil production is creating strains on the domestic economy and having a major impact on import plans. Crude oil output leveled-off in 1980 at 2.12 million barrels per day (b/d) and declined 5% to an average 2.02 million b/d in the first three months of this year. This slow down -- because of its impact on feedstock capabilities and foreign exchange earnings -- was a major factor in Beijing's January 1981 decision to unilaterally cancel more than \$2 billion in petrochemical plant and steel mill contracts with Japanese and West German firms. It also played a role in Beijing's decision to channel national investment away from heavy industry -- a large energy consumer -- toward light industry and agriculture.

Although the Chinese have relied mainly on their own efforts to develop their existing oil capacity, foreign firms are now playing an increasing role. US firms sold China offshore drilling rigs and other oil-related equipment in the mid and late 1970's. In 1979, foreign oil companies -- including seven US consortia -- signed agreements to do seismic exploration in the South China Sea and the southern part of the Yellow Sea. With the seismic work now completed, the Chinese are expected to begin accepting bids for offshore exploration early next year. In the northern offshore areas, French and Japanese firms--with the strong support of their governments-- have already signed exploration agreements; the French have an additional contract to explore near Hainan Island. China also has production-sharing arrangements with the US, Japan and France to develop onshore fields in the Western provinces.

In 1979, the United States made its first purchase of Chinese crude and petroleum products, \$72 million and \$25 million respectively. Last year the mix shifted with our imports of products reaching \$115 million, far outdistancing the \$19 million in crude imports. Over the next few years, China's production problems bode poorly for any pick-up in exports to the United States or other countries.

UNCLASSIFIED

Performance and Plans for the Oil Industry

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DEPARTMENT OF STATE
BRIEFING PAPER

US-CHINESE COOPERATION IN SCIENCE AND TECHNOLOGY

Science and technology cooperation has played a key underlying role in the rapid expansion of Sino-US ties. S&T development is fundamental to China's modernization program and the Chinese very much value their burgeoning S&T relationship with us.

The US began discussions with China on cooperation in science and technology during the July 1978 visit of the President's Science Advisor to Beijing. An Agreement on Cooperation in Science and Technology was signed on January 31, 1979 when Chinese Vice Premier Deng Xiaoping visited the US. This agreement formalized scientific cooperation between the US and China and established a Joint Commission on Science and Technology to review and oversee the government-to-government programs as they emerged.

The Joint Commission held its first meeting in Beijing in January 1980. The second meeting was held in Washington October 15-17, 1981. The next meeting is planned for early 1983 in Beijing.

Since the inception of our cooperative S&T program with China, seventeen implementing protocols have been concluded under the umbrella of the S&T Agreement. These include: student and scholar exchanges, agricultural exchanges, space technology, high energy physics, management of science and technology information, metrology and standards, atmospheric science, marine and fishery science, medicine and public health, hydroelectric power and related water services, earthquake studies, earth sciences, environmental protection, basic sciences, surface water hydrology, nuclear safety matters, and construction and urban development.

Under these protocols both countries have engaged in a wide variety of scientific and technological exchanges--including hundreds of visits by US and Chinese scientists, scholars and technicians--which have been of benefit to both countries. Despite current budgetary constraints, we expect the relationship to continue to flourish and to expand into additional areas.

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Background Paper - US-Chinese Cooperation in Science & Technology

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